

Message Text

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21

ACTION EA-09

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 PA-01 PRS-01 /079 W
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R 270918Z JUL 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 5835

INFO AMEMBASSY BANGKOK

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

AMCONSUL HONG KONG

AMCONSUL MEDAN

AMCONSUL SURABAYA

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HONG KONG PASS TREASURY REP SHARPE

E.O. 11652: N/A

TAGS: EGEN, ECIN, ASEAN, EAID, ID

SUBJECT: GOI OFFICIAL'S COMMENTS ON ASEAN AND POSSIBLE US FINANCING

REF: A) JAKARTA 8889, B) JAKARTA 9677, C) MANILA 6312

1. DURING MEETING OF EMBOFFS WITH DR. A. MOOY, BAPPENAS
(STATE PLANNING ORGANIZATION) DEPUTY FOR MONETARY AND
FINANCIAL PLANNING (REF B), ECONOMIC COUNSELOR BROUGHT UP
SUBJECT OF ASEAN. COUNSELOR EXPLAINED US POSITIVE VIEWS
ON ASEAN AND INDONESIA'S ROLE IN IT AND OBSERVED THAT SUCH
SUPPORT HAD TO BE QUIET AND AT ARMS LENGTH SO AS NOT TO
JEOPARDIZE ASEAN INDEPENDENT IDENTIFICATION (REF A). ALSO
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NOTED THAT PREVIOUSLY SUGGESTED US/ASEAN REVIEW OF U.S.

1974 TRADE ACT INAPPROPRIATE IN VIEW OF INDONESIAN GSP EXCLUSION.

2. MOOY ASKED ABOUT POSSIBLE U.S. FINANCIAL SUPPORT FOR ASEAN'S REGIONAL INDUSTRIAL DEVELOPMENT PROGRAM (REF C). HE SAID PROJECTS WOULD BE A UREA PLANT IN EACH OF INDONESIA AND MALAYSIA, A SUPERPHOSPHATE PLANT IN THE PHILIPPINES, A SODA ASH PLANT IN THAILAND, AND A DIESEL ENGINE PLANT IN SINGAPORE. MOOY ENVISIONED MEDIUM SCALE INSTALLATIONS VALUED AT ABOUT \$200 MILLION EACH, WITH TOTAL FOR FIVE PROJECTS OF SOMETHING LESS THAN \$1 BILLION.

3. MOOY EXPLAINED THAT INDUSTRIAL PROJECTS WOULD BE ASEAN-OWNED, WITH EACH ASEAN PARTNER HAVING AN EQUITY INTEREST IN SUCH A PLANT. ASEAN WAS LOOKING FOR BOTH BILATERAL AND MULTILATERAL FINANCING, BUT MOOY DIDN'T GO INTO DETAIL ON FORMULAS FOR SUCH PARTICIPATION. MOOY AGREED MAJOR OBSTACLE WAS DIFFICULTY OF DEFINING LEGAL ENTITY AS BORROWER FOR ASEAN-OWNED PROJECTS. MOOY NOTED POSSIBLE SCHEMES WOULD BE FOR EACH ASEAN NATION TO BORROW INDIVIDUALLY AND THEN TO POOL FUNDS, OR FOR ALL BORROWING TO COME THROUGH UMBRELLA ORGANIZATION SUCH AS ASIAN DEVELOPMENT BANK.

4. ON MARKETING OF ASEAN PRODUCTS, MOOY REITERATED THAT ASEAN NATIONS STILL DIVIDED ON REDUCTION INTERNAL TARIFFS AND COMMON EXTERNAL TARIFF NOTING THAT GOI DOES NOT WANT ANYTHING RESEMBLING FREE TRADE ZONE AT THIS TIME. INSTEAD, HE SAID GOI WAS LOOKING FOR OTHER INSTRUMENTS TO PROMOTE REGIONAL TRADE, SUCH AS PREFERENTIAL GOVERNMENT PURCHASING PROGRAMS AND PURCHASE-FINANCE SCHEMES.

5. MOOY ALSO NOTED THAT MECHANICS OF REPRESENTATION WERE HAMPERING ASEAN'S ECONOMIC INTEGRATION. BECAUSE OF DIFFERENT GOVERNMENT ORGANIZATIONAL STRUCTURES, MOOY SAID MINISTERIAL MEETINGS IN PARTICULAR CAUSE PROBLEMS. HE SAID ONLY INDONESIA HAS MINISTER OF "ECONOMIC AFFAIRS." (WIDJOJO, WHO IS MINISTER OF LIMITED OFFICIAL USE

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STATE FOR ECONOMIC, FINANCIAL AND TRADE AFFAIRS AND CHAIRMAN OF BAPPENAS, STATE PLANNING OFFICE.) OTHER STATES HAVE MINISTERS OF TRADE, FINANCE, ETC. (AS DOES GOI), BUT WHEN ASEAN HAS MEETING OF "ECONOMIC MINISTERS" INTERNAL WRANGLING BECOMES A PROBLEM IN OTHER ASEAN GOVERNMENTS. THEREFORE GOI WOULD LIKE TO SEE ASEAN ADOPTION OF FUNCTIONAL COUNTRY REPRESENTATION ALONG THE LINES OF THE EUROPEAN COMMUNITY, THAT IS,

MEETINGS ON FINANCE, TRADE, MANPOWER, ETC.

6. COMMENTS: MOOY IS A CAPABLE, ARTICULATE, AND BUSY SENIOR GOI OFFICIAL WHO HAS BEEN INTIMATELY INVOLVED IN ASEAN DISCUSSIONS. HE RECENTLY PARTICIPATED IN ASEAN MANILA INDUSTRY MEETINGS IN APRIL AND SINGAPORE TRADE MEETINGS IN JULY. HIS COMMENTS PROBABLY ACCURATELY REFLECT GOI VIEWS ON ASEAN. MOOY'S COMMENT ABOUT POSSIBLE U.S. AND OTHER DONORS PROVIDING FINANCIAL AID TO ASEAN SUGGESTS THAT GOI MAY NO LONGER HARBOR STRONG FEARS THAT ASEAN'S NEUTRAL, INDEPENDENT REPUTATION WOULD BE ENDANGERED BY EXPANDED ASSOCIATION WITH BILATERAL AND MULTILATERAL DONORS BEYOND SMALL TECHNICAL ASSISTANCE PROJECTS, SUCH AS HAVE BEEN PROVIDED BY AUSTRALIA AND NEW ZEALAND.
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